

This paper was jointly drafted in 2006 by two former regulators in Sweden and the Isle of Man respectively in order to stimulate discussion regarding the regulation of the developing Online Poker products. In choosing these jurisdictions for a joint paper, the working group took into account the fact that both of these jurisdictions licensed and regulated Online Poker, in the case of Sweden its model was one of for internal use by Swedish residents only whereas the Isle of Man licensed Poker for general operation across the internet. The paper has not been updated to reflect any changes.

The paper has been discussed in the 5th and 6th meeting and accepted in the 6th meeting of the GREF Working Group on Technical Issues on 23 October 2006 in Barcelona, Spain, and has been endorsed at the annual meeting of GREF on 12 June 2009 in Tallinn, Estonia.



Gaming Regulators European Forum

Aspects of on-line poker

A joint memo written for the GREF Working Group on Technical Issues (WGTI) by Anders Gustafsson, Gaming Board for Sweden and Derek P Cannon, Isle of Man Gambling Control Commissioners.

This is an updated version of the memo originally written for the January 2006 meeting of the working group.

Purpose

The purpose of this memo is to serve as a starting point for a discussion on some of the difficulties that we, as regulators, face when trying to regulate on-line player-to-player (P2P) gaming such as on-line-poker or on-line bingo.

Background

Many of the jurisdictions that are represented in the GREF WGTI have some experience regulating and controlling on-line/Internet based operator-to-player (O2P) type gambling (lotteries, sports betting, horse racing, casinos, etc.).

A licensed O2P operation will be focused on remaining compliant with the statutory requirements and control measures of his relevant licensing authority in such areas as the gaming systems, procedures, game rules and security.

In a P2P environment, where on-line poker is a prime example, regulators are faced with not only all of the regulatory and control challenges that are present in O2P gaming but additionally have to consider the many challenges in a P2P environment. Typical examples of this are fraud and collusion.

Questions

1. **Is it fair to say that system control guidelines that were written for O2P systems are fully applicable to P2P systems? Which aspects/areas should be added?**

Our opinion is that control guidelines for O2P systems are applicable to P2P systems, however, the guidelines need to extend into such game specific areas as:

- fraud and collusion to include the monitoring of communication between players
- transfer of funds between players and between networks (if applicable)
- the handling of disconnected players (deliberate or accidental disconnections)
- detection and prevention of bots (robotic operations) used by players and/or operators
- other issues as identified

2. **What procedures are possible to implement in order to minimise fraud and collusion?**

On the subject of collusion the eCogra¹ Generally Accepted Practices for Poker (eGAP) merely states that:

Preventative and detective controls or technology shall be in place to ensure that the prospect of cheating through collusion (external exchange of information between different players) is prevented.

Is it possible to be more prescriptive than this?

What control measures does such a loose statement lead to?

¹ eCOGRA is a non-profit organisation headquartered in London, with the day-to-day functioning fulfilled by a full-time staffed secretariat with considerable industry experience. More information is available at www.ecogra.com.

It has to be accepted that there are no methods that will catch all instances of fraud and/or collusion and our conclusion is that this is an area where regulators need to take on the role of a system auditor and look closely at:

- internal policies and statements related to these subjects
- clarity, content and accessibility of information provided to players
- reviewing reporting procedures
- rules for excluding players
- functionality and reliability of systems used for automatic detection of fraudulent behaviour
- content and frequency of reports used to indicate collusion or fraud

3. On-line poker has proven to be a form of gambling that tend to attract and generate problem gambling. What regulatory steps could be taken to improve this situation?

As an example, the Swedish government owned gaming/gambling company, Svenska Spel, operate an on-line poker room where all new players have to:

- set a maximum loss limit per day, week and month
- set a time limit for how long they should be able to play per day, week and month

Players also have the possibility to self-exclude at any time, but it is accepted that while both maximum losses and self exclusion mechanisms can be evoked by a player he is still free to continue with other sites just ‘one click away’ if he so desires.

4. What registration / identification process should be required for players of the licence holder’s site and for players referred from other sites?

Are there data protection issues?

5. What KYC (Know Your Customer) is required, where and by whom?

A cross jurisdictional template of KYC procedures needs to be considered. In particular for referred players but does this have data protection issues?

6. How does the money flow between all parties P2P, P2O, O2P, or O2O?

As part of the licensing procedure for any proposed cross jurisdictional operations does the regulator need to be aware as to how the player's money will be transferred across all parties or just those in his jurisdiction?